

July 8, 1997, except that the requirement of section 3(38)(B)(ii) of the Employee Retirement Income Security Act of 1974 (as amended by this Act) for filing with the Secretary of Labor of a copy of a registration form which has been filed with a State before the date of the enactment of this Act, or is to be filed with a State during the 1-year period beginning with such date, shall be treated as satisfied upon the filing of such a copy with the Secretary at any time during such 1-year period. This section shall supersede section 308(b) of the National Securities Markets Improvement Act of 1996 (and the amendment made thereby).

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Illinois [Mr. FAWELL] and the gentleman from California [Mr. MARTINEZ] each will control 20 minutes.

The Chair recognizes the gentleman from Illinois [Mr. FAWELL].

Mr. FAWELL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker I am pleased today to rise to seek passage of Senate 1227, legislation which amends title I of the Employee Retirement Income Security Act, known as ERISA, to permit investment advisors registered with State securities regulators to continue to serve as investment managers to ERISA plans.

Mr. Speaker, Senate bill 1227 is identical to H.R. 2226, which I introduced on July 23, 1997, with the cosponsorship of the gentleman from New Jersey [Mr. PAYNE], ranking member of the Subcommittee on Employer-Employee Relations.

At the end of last Congress, landmark bipartisan legislation was enacted which adopted a new approach for regulating investment advisers, the Investment Advisors Supervision Coordination Act. Under the act, beginning July 8, 1997, States are assigned primary responsibility for regulating smaller investment advisors and the Securities and Exchange Commission is assigned primary responsibility for regulating larger investment advisors.

Mr. Speaker, under this framework, however, smaller investment advisors registered only by the States, and prohibited by the new law from registering with the SEC, would no longer meet the definition of investment manager under ERISA, since the current Federal law definition only recognizes advisers registered with the SEC.

As a temporary measure, a 2-year sunset provision was included in the securities reform law extending for 2 years the qualification of State registered investment advisers as investment managers under ERISA. This provision was intended to address the problem on an interim basis while congressional committees with jurisdiction over ERISA reviewed the issue. We have reviewed this issue and have developed Senate bill 1227 and H.R. 2226 to permanently correct this oversight.

Without this legislation, State-licensed investment advisers who, because of the securities reform law, no longer are permitted to register with the SEC would be unable to continue to

be qualified to serve as investment managers to pension and welfare plans covered by ERISA. Without this bill, the practice of thousands of small investment advisers and investment advisory firms would be seriously disrupted after October 10, 1998, as would the 401(k) and other pension plans of their clients.

It is necessary for an investment adviser seeking to advise and manage the assets of an employee benefit plan subject to ERISA to meet ERISA's definition of investment manager. It is also important for business reasons for small investment advisers to eliminate the uncertainty about their status as investment managers under ERISA. This uncertainty makes it difficult for such advisers to acquire new ERISA plan clients and could well cause the loss of existing clients.

Mr. Speaker, the bill will amend title I of ERISA to permit an investment adviser to serve as an investment manager to ERISA plans if it is registered with either the SEC or the State in which it maintains its principal office and place of business, if it could no longer register with the SEC as a result of the requirements of the 1996 securities reform law.

In addition, the bill requires that whatever filing is made by the investment adviser with the State be filed with the Secretary of Labor as well. The Department of Labor has asked for this dual filing with the Department and has assured the Congress that it needs no additional resources to process the forms.

This legislation has the support, therefore, of the Department of Labor. Arthur Levitt, Chairman of the Securities and Exchange Commission, has written to the Committee on Education and Workforce, expressing the need for this legislation and his support for this effort to correct this problem.

In addition, the bill is supported by the International Association of Financial Planning, the Institute of Certified Financial Planners, the National Association of Personal Financial Advisers, the American Institute of Certified Public Accountants, and the North American Securities Administrators Association, Inc.

By passing this legislation today we will correct this oversight in the securities reform law, thus protecting small advisers from unintended ruin and bringing stability to the capital management marketplace. I urge its passage.

Mr. Speaker, I reserve the balance of my time.

Mr. MARTINEZ. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today to speak on S. 1227, the ERISA rules for investment managers. Usually this legislation would be managed by the gentleman from New Jersey [Mr. PAYNE]. Unfortunately, he has been detained. I do, however, want to compliment him for his leadership on this issue.

Mr. Speaker, the 104th Congress passed the Investment Advisers Supervision Coordination Act, which made a change in the ERISA definition of investment manager. This change would have had unforeseen, potentially damaging effects on smaller investment firms. Because these investment advisers would not qualify as plan fiduciaries under ERISA, they would no longer be able to administer plan assets.

S. 1227 would require firm advisers that administer less than \$25 million in plan assets to register with the Department of Labor, and the idea that the Department of Labor would be the central database of investment advisers is a good one. Furthermore, this action will preserve the ability of these advisers to act as plan fiduciaries. This proposal that is before us now would restore current law and reestablish systemic uniformity.

Mr. Speaker, I commend the gentleman from Illinois [Mr. FAWELL], chairman of the Subcommittee on Employer-Employee Relations, and the gentleman from New Jersey [Mr. PAYNE], ranking member of the subcommittee, cosponsoring the House version of the bill, and I urge my colleagues to support S. 1227.

Mr. MARTINEZ. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. FAWELL. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois [Mr. FAWELL] that the House suspend the rules and pass the Senate bill, S. 1227.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FAWELL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on S. 1227 and House Resolution 139.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

J. ROY ROWLAND FEDERAL COURTHOUSE

Mr. KIM. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1484) to redesignate the Dublin Federal Courthouse building located in Dublin, GA, as the "J. Roy Rowland Federal Courthouse," as amended.

The Clerk read as follows:

H.R. 1484

Be it enacted by the Senate and House of Representatives of the United States in Congress assembled,